

SEP 23 1999

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**FAX TRANSMISSION**

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To: Campbell Ingram Date: 9/23/99

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From: Linda Korchwo Phone: (916) 978 - 5022

Pages: 6 including this cover sheet.

Subject: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Comments: Carl Wender in our office had an  
e-mail designating you as the contact  
person for draft EE/EIR comments.

Action: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





**Department of Energy**  
**Western Area Power Administration**  
**Sierra Nevada Customer Service Region**  
**114 Parkshore Drive**  
**Folsom, California 95630-4710**

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Dear Central Valley Project Preference Customers:

At Western's Customer meeting held on September 2, 1999, several participants expressed concern about potential effects of CALFED Bay-Delta Program actions on Western's hydropower resource. The CALFED Draft Programmatic Environmental Impact Statement/Environmental Impact Report (PEIS/EIR) is presently being circulated for comments, with a due date of September 23, 1999. In response to the concerns outlined at the Customer meeting, I have compiled a brief outline of the potential impacts to Western's customers (please see the enclosed).

The most significant impact is the potential loss of hydropower resources resulting from CALFED actions. The actions include ecosystem restoration projects, water storage projects, conveyance projects, and water transfer projects. While some projects may increase hydropower resources, the worst case net outcome results in a significant loss of hydropower resources, because it is assumed that project use will be available for all new pumping loads. This assumption significantly reduces power available to be sold to preference power customers.

Because specific projects are not identified, it is impossible to determine the reality of the loss or gain in resource, but can only be generalized. It is our belief that the potential for loss far outweighs any gain from these projects. This will result in (potentially significant) rate increases for Western's customers. CALFED has not addressed what the impacts of increased rates will have to the power customers, the Ecosystem Restoration Fund, nor the ability of the Federal government to repay project debt.

We **STRONGLY** encourage all of you to express your concerns by commenting on the Draft EIS/EIR. Written comments are key to voicing concerns to the decision-makers and setting groundwork for change. In addition to providing written comments, I encourage you to take the opportunities to comment at the remaining CALFED public hearings on the PEIS/EIR to be held beginning at 6 p.m. at the following dates and locations:

NOTICE: IF YOU DETACH  
ENCLOSURE PLEASE INSERT  
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- Tuesday, September 21, Doubletree Hotel, Sierra Room, 1830 Hilltop Drive, Redding
- Wednesday, September 22, Convention Center, Room 203, 1030 15<sup>th</sup> Street, Sacramento.

Western will also host a discussion group on CALFED and other Central Valley Project Environmental issues on Monday, September 20 at 10:00 am in the Shasta Conference room at our Folsom facility. Dial (916) 353-4416 and ask the receptionist to connect you to the Shasta conference room if you would prefer to connect by conference call.

If I can be of further assistance, please do not hesitate to contact me at (916) 353-4537, or Earl Nelson of my staff at (916) 353-4529.

Sincerely



Nancy Werdel  
Environmental Manager

Enclosure

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**June 1999 CALFED Draft Programmatic EIS/EIR  
Issues of Concern to Preference Power Customers that Merit Clarification  
in the Final (Spring 2000) PEIS/EIR**

**Impacts to CVP Power Resources**

Most solutions presented in the DEIS/EIR show a loss of energy for sale to preference power customers.

- Preferred alternative (with storage) shows average annual energy reduction of 1,235 GWh, one-third of the existing conditions total of 3,695 GWh.
- Alternative 3 (includes peripheral canal and storage) shows annual energy reduction of 1,671 GWh, almost half the marketable resource shown under existing conditions.
- Energy reductions occur from increases in project use for water transfers, storage facilities, conveyance and from changed river operations. CALFED has not identified third-party impacts to power customers for increased project use.

**Impacts to Rates**

The PEIS/EIR shows rate increases up to and above market rates.

- Rate increases will occur due to changed river operations, increased pumping loads, or from mitigation costs assigned to CVP power customers
- The PEIS/EIR does not address the impacts of increased rates on Western's customers.
- If Western's rates are pushed above market, customers will buy elsewhere, resulting in an inability to repay CVP capital debt. This is not analyzed in the PEIS/EIR.
- Increased rates decrease the power customers' ability to compete in the restructured utility industry competitive environment.
- CALFED philosophy is no "re-directed impacts" and "beneficiary pays." For CVP hydropower, this will require a commitment to mitigate for rate impacts. To date, CALFED has not made this commitment.

**CALFED FINANCING**

CALFED financing relies on power customers.

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- Power is already supporting CALFED Programs through the CVPIA Restoration Fund.
- Additional Ecosystem Restoration projects may be funded through the CVPIA Restoration Fund. This would exacerbate anticipated rate impacts, without benefit to the power customers. This does not meet the CALFED philosophy of "beneficiary pays".
- If rates increase significantly and customers purchase power on the open market, the Ecosystem Restoration funds will not be collected from power customers and the Ecosystem Restoration program will have significant impacts. These impacts are not addressed in the PEIS/EIR.
- CALFED has not finalized its funding policy therefore impacts cannot be properly addressed.

### Impacts to Air Quality

CALFED actions will cause a "re-directed" impact to air quality.

- Lost hydropower will be replaced with other generating sources, primarily combustion turbines, which will cause air pollution from stack emissions.
- The Federal agencies involved in CALFED are required by Executive Order 13123 to initiate cutbacks in activities that consume energy and generate air pollutants including greenhouse gases. Integrating clean generation (such as solar) with CALFED projects would help offset load increases (including increases in Project Energy Use) that otherwise would reduce the amount of CVP hydropower available for purchase by preference customers.

### Other Concerns

- Cumulative impacts do not accurately quantify total power impacts from all the concurrent projects that could affect marketable CVP hydropower resources. The latest model runs from CVPIA could not have been included in the CALFED document, since they weren't available at the time the CALFED Draft PEIS/EIR was completed for release. More accurate cumulative impact data would improve the usefulness of CALFED's Final EIS/EIR, due out next Spring, as a decision-making tool.
- If "joint point of diversion" for Delta exports (interchangeability of State and Federal export pumps) is implemented, mitigation measures are needed to make CVP hydropower customers financially whole for power losses due to shifts in CVP pump operations from off-peak power usage times to peak times (including seasonal peaks).

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- Because of the general programmatic nature of the CALFED actions and the correspondingly general level of impact analyses, future specific actions will need specific impact analyses. If these are to be tiered from the programmatic document, the programmatic document must contain sufficient specificity to serve as a foundational document for the tiered reports. Without knowing what the specific actions are, it is impossible to determine at this time whether the programmatic EIS/EIR contains sufficient details. If it does not, the missing information will have to be added in the future and the document re-circulated as a draft for public and agency comments.
- When a new governing body is put in place to administer the CALFED Program, Western should be a decision-making participant for decisions affecting river operations, hydropower generation, and authorization for and allocation of Program costs.